

LEGISLATION  
TRADE EXPANSION  
ACT of 1962

Mr. MCINTIRE. Mr. Speaker, I would like to add my voice to those in this House who already have protested the squandering of the taxpayers' money, year in and year out, in what euphemistically is referred to as the foreign aid program. In all probability this body will again have the foreign aid bill for consideration, and I feel it is time to delve deeply into the uses to which this money is to be put. Before voting more foreign aid, we should consider how the billions of dollars which have been shoveled into the program over the past years have been applied.

I view the foreign aid appropriations as one of the most blatant examples of wasted tax money. I do not contend that all the money has been wasted; most certainly somewhere in all the billions that have been poured into the coffers of well over 100 nations since the end of World War II some good has been accomplished. I believe it is proper that we should offer aid to certain nations for certain specific needs. But I cannot support this annual giveaway program that rewards dictators and fosters the most horrible forms of oppression; I cannot condone funneling millions of dollars into countries whose political philosophy is inimical to the most elementary ideas of freedom.

Today, because of the haphazard methods which have been used to indiscriminately spread billions of dollars all over the world, we find ourselves helping countries, at the expense of our own economy, on the other side of the Iron Curtain.

Today, we are caught up in our own duplicity, for we find ourselves the bankers of opposing forces throughout the world. Instead of breathing the air of freedom and economic assistance, the program has generated conditions of armed hostility between nations who should be good neighbors. Pakistan and India, for instance, both receive our aid, and they face each other in unconcealed enmity. We help Nasser and the rotten prison state of Haiti, and Sukarno and other Communist-oriented nations have accepted the American dollar while sneering at "Uncle Sap." Our plan appears to have neither identity nor sensible direction, for these are not the only examples of how foreign aid has crippled the cause of freedom.

I cannot help but wonder just how Americans must feel about the deposed leaders of countries who milked the foreign aid cornucopia for millions of dollars, these taxpayer dollars ending up in these leaders' Swiss bank accounts. It must be difficult for Americans living on low incomes to understand why their Government throws more money into wasteful efforts when, all the while, they must worry over the price of bread. But the giveaway continues, and too often the money of our American people is accepted with undisguised disdain, and lines the pockets of officials rather than solving economic problems.

The President is asking for more than \$3 billion for foreign aid. Yet, still in the pipeline, in available funds, is the

staggering sum of more than \$7 billion waiting to be given away. But this is not all. The poor citizen of the United States is paying more than \$3 billion interest a year on the money the Government has borrowed for its foreign aid plans.

The U.S. Government is borrowing money at a rate of interest four times as great as the interest it is asking in return for loans which may not even be repaid. If this is sensible or responsible, then we live in an unusual era.

On top of this, there are so many people involved in the giving away of the taxpayers' money that one wonders if anyone knows what is going on. There are more than 70,000 people being paid to dispense these billions, and there are 26 Federal agencies working at it. Roads have been built that lead to nowhere and Cadillacs have become the symbol of the recipients of foreign aid—while people starve within sight of such opulence and live under the terror of gestapolike police states.

I would suggest that a few changes should be made in our foreign aid program. First, cut the number of personnel involved in the program by at least 50 percent—they will not be missed by our taxpayers.

The second step should be a complete reanalysis of the way foreign aid funds are being used. Let foreign aid be on a project basis, and let the projects—each and every one of them—be approved by the Congress of the United States. With the \$7 billion already in the pipeline, I see no reason to appropriate another \$3 billion at this time. I cannot see any reason for going deeper into debt by paying interest on money which is standing around unused.

I would like to see an end to foreign aid funds being given to dictators and to support economies which are socialistic, communistic, or just plain unrealistic. The American people expect their Government to operate on sound fiscal principles, so why should they not expect their Government to ask the same of other countries whom we assist?

The forces of democratic government are waging a life-and-death war with communism throughout the world—why should not the American people demand that their tax money be used to support only those nations which offer their citizens something more than oppression and varied stages of slavery?

Is it too much to ask that the billions of dollars the American people have given to help others should be used on projects that offer help for those who most need it, rather than end up in the pockets of the greedy and dishonest?

#### TRADE EXPANSION AMENDMENTS

(Mr. MOORE (at the request of Mr. SCHWEIKER) was granted permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. MOORE. Mr. Speaker, on June 25 of this year, I joined with more than 50 other Members of this House, includ-

ing members of both parties, in introducing a bill to amend the Trade Expansion Act of 1962.

The proposed legislation would prevent further tariff reductions under the authority of the Trade Expansion Act in all instances in which imports have, in the past 5 years, demonstrated their competitive advantage in the domestic market by capturing a liberal share of it. Under these circumstances, it is clear that the existing tariff is not repressive, nor is it in need of another cut, let alone one of 50 percent. To slash the tariff would be to invite disaster for many of our industries, with no redeeming benefit to offset the damage. The proposed legislation would prevent this.

It has often been said by the free trade doctrinaires that the superior American industrial prowess, based on advanced technology and heavy capital investment, has nothing to fear from import competition. This is an unfortunate hold-over from classroom economic theories that have not been tested in the marketplace.

Mr. Speaker, the view of the price-profit system, which was so darkly frowned upon in recent years, was the outgrowth of narrow considerations dreamed up by highly emotional attitudes.

Profits were condemned as the quest of purely selfish interests and not applauded for what they are—the energy fuel of the private enterprise system. Wages were correctly regarded as the principal foundation of purchasing power, but their dependence on a lively business activity was not correctly assessed.

It was because of complete failure to understand the American productive system with its complex interdependence among certain uniquely American creations of the technological, regulatory, merchandising, and economic mechanisms, that the free-trade philosophy was foisted on this system with the intemperate impatience that we still witness. It has had one very distinct effect; namely, the flight of American capital abroad in search of competitive opportunity. These investments are needed at home; and as a result of flight abroad, they are becoming more rare in the domestic market.

Mr. Speaker, I offer for the Record a discussion of this subject in a paper that probes into hitherto neglected corners of economic and psychological factors. It brings together a combination of considerations that have been overlooked but that explain the uniqueness of the American economic system. It throws much needed light on the vulnerability of this system to external forces that threaten the grounds of its confidence in the future.

The paper was presented to the committee on resolutions of the Republican National Convention, July 9, 1964, in San Francisco. Its author is O. R. Strackbein, chairman of the Nation-Wide Committee on Import-Export Policy. The analysis is an eyeopener. I commend it to the attention of my colleagues.

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STATEMENT OF O. R. STRACKBEIN, CHAIRMAN, THE NATION-WIDE COMMITTEE ON IMPORT-EXPORT POLICY BEFORE THE COMMITTEE ON RESOLUTIONS, REPUBLICAN NATIONAL CONVENTION, SAN FRANCISCO, CALIF., JULY 9, 1964

The Nation-Wide Committee on Import-Export Policy is composed of industries, companies, agricultural and labor groups, having in common the problem of import competition.

This problem, contrary to a common impression, has become more of a threat to the American economy than at any time in the past. The problem has undergone a startling transformation that has not yet been recognized and now poses an ominous dilemma to our economy.

The old clichés in support of the free-trade doctrine no longer apply. We live in a new competitive world internationally. A new bead must be drawn on the evolving new competitive world, or we will suffer unfortunate consequences that may not soon be reversible.

At the base of the transformation is the proliferation of modern technology across national boundaries and its breaking down of the productivity barrier while the wage barrier remains.

The American economy long unique and insular in the world because of its mass production, mass consumption and fair competitive foundation, suddenly (in terms of history) finds itself virtually naked against the outer world of its own making.

This exposure, coming atop of the drastic tariff reductions in the past quarter century, called for readjustments that have neither yet fully run their course nor bared all their teeth.

These adjustments could indeed be made without excessive disruption if conditions more conducive to orderly transition than are now contemplated were arranged.

The fundamental difficulty has arisen from the effects of the breakdown of one of the very foundation stones of our formerly unique economic system.

Our continent is bountifully endowed with resources and enjoys a temperate climate. It was settled by people of resolution, toll-willingness and a strong appetite for discipline. Freedom was the quest of their endeavor and toll; and they were able to mount prodigious feats of energy and endurance in the course of their quest and in the exercise of its attainment.

The population had its trace minerals of inventive genius; and the right climate for the mining process was all that was needed. If rare men invented novel means of saving time, getting more work done with fewer hands, they needed incentive if their endeavors were to thrive.

Here, after cumulative inventions and discoveries, we came on the cradle of mass production; but what would it profit us to produce massively and cumulatively more and more if consumptive absorption failed and dammed the flow of goods? Obviously we needed mass consumption; and this, as it was only dimly perceived at first, rested principally on wages. Mass consumption would drain away the mass-produced stream of products and thus provide the impetus that would keep the wheels turning.

There were other factors essential to the operation of the system and these were not fully understood; and yet less understood was the meshing of the varied factors with each other, and their interdependence and inability to function properly without each other.

Motive power or incentive was necessary all along the line, from inventor to builder or producer, to merchant and salesman. In our system of freedom, profit provided this lure and furnished the incentive that drove men far beyond ordinary exertion. It took

the place of the knout or whip, and, unlike the latter, it was self-propulsive.

Yet, by itself it tended toward excesses and monopoly. Of all the factors of uniqueness of the American economic system, perhaps as rare as any, was the concept of competition. Not only would competition disperse the onsetting inertia of complacency that would soon produce rigid and stubborn centers of unchallengeable power; it would provide one of the two indispensable elements of mass consumption; i.e., it would bring to the consumer the benefits of lower costs which in turn were the fruits of our advancing technology.

We had early recognized both the value of temporary monopoly and of incentive through the patent system. At the same time we recognized the value of the individual and the vast potentials that he might develop were he allowed to enjoy the fruits of his labor. This was the essence of private enterprise. An inventive genius could be expected to exert himself far beyond the ordinary call of his inner ferment if he were assured that he could own what he invented and profit from the practical uses to which it might be put. The entrepreneur who was the next link in the chain would also do his best if he knew that he could enjoy the fruits of his efforts. The producer and the salesman responded in the same manner.

The inventor himself was seldom the business enterpriser. For this function other and different qualities were needed. The builder who had the vision of future and of growth and empire was needed to bring the inventor's work to the service of the population. Yet another element, the last in the line, was needed; namely, the merchandiser. He told the people of the wonders that were on the way, and whetted their appetite for them.

The function of the merchandiser has often been overlooked although it is all about us and constantly bombarding us. Its importance in the unique American economy can best be appreciated if we reflect that this economy for its richness and diversification depended on meeting secondary human needs, as distinguished from the necessities of bread and butter. People did not have to be told that they needed to eat or to be covered against the cold and sheltered against the weather. Instinct, spoke loud enough to be heard by all.

With respect to the new contrivances that catered to secondary needs, the innovations and rearrangements wrought by technology, people had to be awakened. Consumers did not of themselves see immediately the advantages of novel apparatus, ingenious new designs, unheard of contraptions of power, or brandnew products. In fact, they were inclined to be skeptical. The scientists, engineers, and technicians were doing their work and produced their wonders, but the merchandiser and salesman's job had only just begun. One of his principal instruments was advertising, and the atrocities of incitation to which the public was subjected by the advertisers only attested to the inertia of the consumers and to the soundness of their slumber; but here, too, was incentive; for the greater the sales the higher the profits might go.

Obviously, with so much ferment and freedom of enterprise the need of yet something else became not only apparent but indispensable if the released energies were not to destroy themselves by excesses of license and greed. A restraining hand of order and moderation was needed; and this called for a person of yet a different breed. He was the analyzer, the ponderer, not himself a participant, except indirectly, in the ferment of enterprise, often aloof and withdrawn—the professor, the economic theorist, whose blood was seeded with corpuscles of criticism. He was not impressed with the util-

ties and the beauties of the rampant materialism; or rather he was impressed with its excesses and corruptive powers.

He called for restraints, and the fruits of his labors were the antitrust statutes, laws of fair competition, etc.

We had stirred up quite a brew. The thinkers, to put it differently—those of active and penetrating mind, who enjoyed perhaps more than they realized what was stirring but felt the acids of indigestion coming over them like a gorge, were prone to see only the crass and the obtrusive, the shallow and the raucous, and were appalled. They beheld the system running feverishly up the mountain from time to time, heedless of ominous signs of danger only to stumble and roll head over heels down the declivities with awful and resounding results as they pulled down the debris of enterprises and great structures after them.

Yes, even the institution of fair competition had failed. The private enterprise system, rooted in the profit motive and governed or ill-governed by the price mechanism, seemed uncontrollable and at the mercy of blind forces which ran wild and from time to time collapsed, as in 1929.

The reaction was typical. The deep economic frustration of the people opened the way to bitter second thoughts and disillusionment. The great system was about to be condemned out of hand not by the more judicious-minded but from the depth of the despairful emotions that had seized the dispossessed, the archly disappointed and the midstream founders, who now saw the system as a bloated but empty and soulless fraud.

All was now to be regulated, restrained and guided. Only the Government could be trusted as disinterested and as the spokesman of the public welfare. Since employment was the source of purchasing power, which only now came to be recognized openly by the economists, as Henry Ford or someone near him recognized it instinctively two decades earlier, it became the obsession, and public works were to put us back on our feet.

Under the circumstances the concept of consumer demand came to flower and the function of purchasing power was enthroned; but unfortunately its linkage with the self-propelling agency of private profit was overlooked or, if noticed, denied or concealed.

Purchasing power and mass consumption were fancied as residing in employment alone and even in "production for use and not for profit." This represented an oversimplification that took us to the brink of major error.

What was overlooked was the failure of incentive in the public works concept. Public works are disjointed and often unrelated sequences that do not and cannot produce a lure along the whole economic front. Spot-tiness is their chief characteristic. There is little of the futurity in them that leads participants, owners, managers and their entourage to build and expand for the years that lie ahead, with fortunes waiting to be wooed and won. When the flow of public money ceases, dependent on governmental appropriations, work ceases. The lure of public works, from school and hospital building to highway and dam construction as a means of exciting continuing effort and imagination has about the magnetism of lead bullion.

Today we have regained respect for profit up and down the line, and we also hold the function of high wages and high employment in high esteem as the foundations of mass consumption. Since the latter is what we need if mass production is to be sustained, we recognize the common interest in production, employment, good wages and good profits. Because of the great potentials of technology in reducing the need for human

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labor we also perceive the need of extending consumption to hitherto unreached customers if our land and factories are to find an outlet for their goods. This is to say we need more consumption per capita if we are to have as much per capita employment as before, because each worker, thanks to technology, is producing more.

As we have pondered this dilemma we have recognized the role of incentive and have adjusted our taxes accordingly to a degree.

We have, however, not given equal recognition to the function of market outlook as the ruling element of confidence. Our economy is pitched on futurity to an astounding degree. It is not and cannot be a static economy. Futurity is its medium. It looks ahead and gets its extra propulsive power from a good outlook.

If the outlook is obscure, hesitancy sets in. If the outlook is discouraging, stagnation or even decline occurs.

If the market to which the economy is dedicated consisted only of the staples, such as salt, flour, butter, eggs, beans, gingham dresses, plain heavy shoes, etc., the question of confidence would be negligible. Economists with slide rules could quickly calculate the market's requirements, and the men and machines needed to meet these requirements could be put to work in a static economy, expanding only with the population.

Our economic system would collapse under such circumstances. It is above all a dynamic contrivance.

This brings us to the heart of our dilemma. We have cushioned many if not all the falls to which domestic economic factors may be subject. Unemployment compensation, bank deposit insurance, farm price supports, high stock market margins, etc., are examples. As a result of our recognition of consumer demand or purchasing power, we outlawed the principal threat that menaced it, namely, sweatshop wages, child labor, etc.

However, we not only left a door open; we opened it wider. We came to look on foreign trade as a lifesaver and cut our tariffs severely. Some of this was justified; but by intemperate tariff cutting we were undoing what we were accomplishing elsewhere, namely, creation of fair wage standards and the bases of fair competition embodied in the Federal Trade Commission and the Robinson-Patman Acts. Other countries could then do to our economy what we had outlawed at home; and we invited them by lowering the threshold.

In industry after industry now the future is clouded. The market outlook is not bright and therefore not alluring for expansion-propensive industries. Now industries rush into automation to save themselves against foreign competition and not for the classical reason of building a great market. Firms go overseas where costs are cheaper and technology as prevalent as here. Our exports, but for temporary stimulation from this outflow of capital and subsidies, face a doubtful future, with shrinkage the more probable outcome.

An increasing share of our employment is moving from production into service trades, where wages are lower, thus shrinking purchasing power; and a rising share of our imports are entering as finished products, thus displacing more workers and discouraging expansion.

The outward trek of investment should be reduced, not by legal obstacles, but by generating a more attractive market outlook at home.

This can only be done by regulating imports in a manner that will assure our industries of a fair competitive opportunity at home. Only in that way will mechanization and automation return to their earlier function. Instead of being robbed by open-end imports of their markets and thus finding themselves dispossessed of the prospects

that alone justified expansion in the past, they will again respond to a growing market with confidence under the assurance that a bright future awaits them if they offer the consumers good quality articles at lower prices.

Our trade law must be modified to offer the necessary assurances. (1) Tariff reductions must continue to be made cautiously and selectively, and (2) a remedy against market stagnation by imports must be provided in terms that are administratively responsive to the needs and not as hitherto, themselves depressants of market confidence.

#### THE FEDERATION OF CITIZENS ASSOCIATIONS OF THE DISTRICT OF COLUMBIA COMMENDS CHAIRMAN JOHN L. McMILLAN FOR DEFENSE AGAINST URBAN RENEWAL EXCESSES

(Mr. KYL (at the request of Mr. SCHWEIKER) was granted permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. KYL. Mr. Speaker, an official of the 23,000-member Federation of Citizens Associations of the District of Columbia has brought to my attention for inclusion in the CONGRESSIONAL RECORD today a letter of commendation addressed to Chairman JOHN L. McMILLAN of the Committee on the District of Columbia of the House of Representatives.

The letter is in appreciation for Chairman McMILLAN's public-spirited defense of the citizens of the District of Columbia against the excesses of the District's urban renewal program.

I am pleased to include it here as part of my remarks for the information of my colleagues:

FEDERATION OF CITIZENS ASSOCIATIONS OF THE DISTRICT OF COLUMBIA,

August 12, 1964.

HON. JOHN L. McMILLAN,  
House of Representatives,  
Washington, D.C.

DEAR CONGRESSMAN McMILLAN: The Federation of Citizens Associations, representing 43 organizations and 23,000 members, would like to congratulate you and Congressman JOHN DOWDY on your handling Tuesday of the Columbia Plaza bill and S. 628 as amended by your committee.

We deprecate the repeated attacks on you by the Washington Post as not being in the public interest. This newspaper has repeatedly attacked you and Congressman DOWDY, other members of your committee and staff members of your committee both editorially and in the slant given to the reporting in its news columns.

We do not know what its reasons are for the stand it takes. It is for urban renewal as long as it dispossesses only the homeowners and small businessmen. It is against urban renewal when the vital interests and personal property of the Myers family, which founded the Post, are involved. In this connection, your attention is invited to the testimony of Mr. Fontaine Bradley, a member of the firm of Covington & Burling and a leading member of the Washington Post hierarchy, before the District Commissioners on the Adams-Morgan project in July 1963. Most of our members are not so fortunate in being able to have their property excluded from these programs as they are threatened.

It is refreshing and reassuring to know that, in these days of pressure on Congressmen by money groups and vested interests,

that there are a few who are willing to fight for the ordinary taxpaying citizen and the small businessman. This genuine concern for the citizenry and for the public welfare illustrates the true principles of democracy which made our country great.

Again, let me express on behalf of our members our appreciation for the battles you have waged on our behalf and assure you that, despite the criticism of special groups and a biased newspaper, the great work of your committee is appreciated and recognized. The homeowners and small businessmen of the District of Columbia are indeed fortunate in having as their champions men so dedicated to the public interest.

Sincerely yours,

JOHN R. IMMER,  
President.

#### WAGE AND HOUR LEGISLATION IN THE 88TH CONGRESS A CONTINUING CHALLENGE

(Mr. CLEVELAND (at the request of Mr. SCHWEIKER) was granted permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. CLEVELAND. Mr. Speaker, the 88th Congress once appeared headed for the title of the "Minimum Wage Congress." During the two sessions, several bills were introduced to raise the minimum wage, lower the maximum hours provision, provide double time for overtime, and extend the minimum wage. The only one to die without a hearing was the bill to raise the minimum to \$1.50 an hour. The administration apparently did not have enough nerve to bring that one up. It was a little bolder with the others, however.

Hearings were held on bills that would have required 40 hours pay for 35 hours work but its supporters could not hide the fact that it would raise labor cost 14 percent without any increase in productivity. This was a little too inflationary even for those who erroneously think that a little inflation is a good thing. The double time bill got a little further. It would have required double the base rate of pay for hours worked in excess of 40 in industries singled out for this questionable honor by committees appointed by the Secretary of Labor. When the administration could not please the unions with this, they decided to scrap it. It never made sense and when it turned out not to have political appeal; it had to go.

The bill to extend the minimum wage coverage to hotels, motels, restaurants, resorts, and small logging operations came the closest to passage. Months of hearings were held. Several changes were made. The bill was even reported out by the subcommittee considering it. But when it turned out that the subcommittee bill asked more questions than it answered, the full committee thought they better wait a while, so they deferred action on it.

THE MINIMUM WAGE HAS DONE ITS JOB

No one doubts that the Fair Labor Standards Act has been a benefit to the country. It forced the elimination of some oppressive conditions and ended whatever exploitation of workers was